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What Companies that Excel at Strategic Foresight Do Differently

Insights based on a survey of 500 organizations. *by Wendi Backler, Alan Iny, and Moe Turner*

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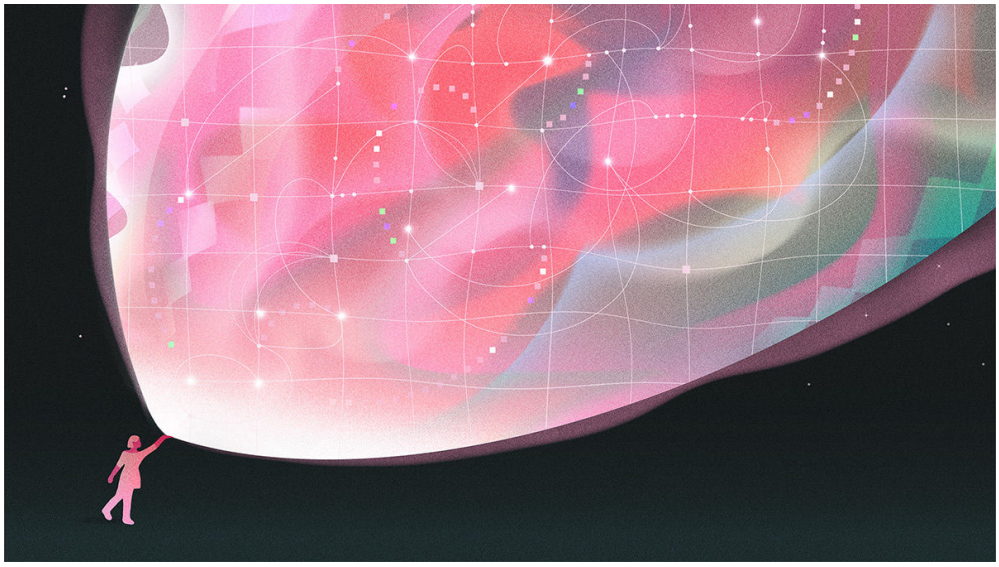

Illustration by Iryna Korshak

At the start of a new year, it's human nature to want a crystal ball: What lies ahead, and how will it affect us? This feeling is particularly acute in times of uncertainty, when the ability to engage in meaningful foresight can feel elusive at best. And whether the world is objectively more volatile, it certainly feels that way to CEOs: Based on our analysis of earnings calls, 2025 saw a significant spike in discussions about uncertainty, with little sign of abating in 2026.

In our experience working with leadership teams, we've found that many get trapped in firefighting mode and often react to volatility by freezing up or reverting to gut instinct. But a minority of companies have a different response when confronted with an unpredictable future. In a recent survey of executives at 500 organizations, we identified clear patterns of behavior that differentiate organizations that report turning uncertainty into advantage through foresight practices from organizations that struggle to effectively use foresight.

By strategic foresight, we mean the disciplined practice of scanning for change, exploring multiple plausible futures, and using those insights to make better choices in the present. The field traces back to Cold War military planning but was embraced by the corporate world in the 1960s and '70s, when companies such as Royal Dutch Shell began using scenarios to rehearse possible shocks rather than betting on a single forecast. Today's methods range from monitoring emerging signals to war games to scenario planning—with AI rapidly expanding capabilities.

Organizations that get strategic foresight right excel in two key areas. The first is process, with leaders that enable teams to view the full spectrum of unknowns on both real-time and long-term horizons. The second is mindset: Foresight leaders look beyond risk management to seek future opportunities in unpredictability and routinely rely on data with the help of a sophisticated foresight toolkit.

These foresight leaders, spread across industry, revenue size, and ownership model, don't just report being better prepared. Companies with more advanced foresight capabilities also report a significant edge over their competition: Moving from standard to a more state-of-the-art level of foresight is associated with a 5% increase in financial

performance. The good news for laggards? They can take concrete steps to avoid getting left behind.

Creating Advantage from Uncertainty

Our research revealed that foresight exercises are common across organizations, but most are simple and patchwork: 60% of respondents report relying primarily on basic foresight methods. By basic foresight methods, we mean information that is largely qualitative and periodic, gleaned from reading trend reports, running SWOT-style scenarios, and tracking dashboards. Advanced foresight, in contrast, is systematic and data/AI-enabled, using methods like machine-learning forecasts, weak-signal and sentiment mining, and using digital twins or war-gaming to stress-test strategic moves. Worse, only about 15% strongly agree that foresight is contributing positively to their organization. Those grappling with foresight implementation bottlenecks most often cite a common blocker: the degree to which strategic decisions are driven by short-term pressures.

Yet at its best, foresight is an organizational capability, not a series of one-off exercises. It tracks what's reasonably predictable, prepares for what isn't, and cuts through noise to the few signals that matter. As strategy's foundation, it improves long-term choices and in-the-moment decisions through a combination of prediction, positioning, and real-time awareness—so the next time a rule change rewrites compliance overnight, a supplier or partner is hit by ransomware, or extreme weather stalls operations, you're prepared to not just ride out the storm, but to make the most of the situation. At a company with an effective foresight system in place, the system tells you when to make your move.

Our survey revealed that it's not just tech startups or organizations with large budgets that can lead in foresight. The effect holds across

sectors, sizes, and operating models—including the public sector and nonprofits. The more advanced foresight leader cohort looks much like the broader sample: industry mix does not substantially differ, and they are only about 10 points more likely to be privately owned, with no strong trends by scale.

Moreover, our self-reported performance metrics align with previous academic research showing that firms that are prepared for the future are more likely to become industry outperformers and to achieve superior profitability and market-cap growth. The takeaway: robust, systematic foresight pays off.

How Leaders Structure Their Foresight Capability

Foresight leaders understand that they need a comprehensive perspective on uncertainty—this includes different types of unknowns, but also the ability to consider both present-day and future challenges. If we think about uncertainty on a matrix, it illustrates how some unknowns are predictable and short-term, others are unpredictable and long-term, and so on. Foresight leaders design their processes to capture all four quadrants.

Covering two types of unknowns. Some features of the future are reasonably predictable. For these *patterned unknowns* you can form evidence-based expectations using historical data. Most organizations stop here, by trying to pinpoint the future that will unfold using trend reports, analyst takes, and performance extrapolations. Companies can still find advantage in the interpretation of signals, but their competitors will increasingly have access to similar data, and predictive analytics is becoming more accessible to a broader swathe of strategic teams.

Foresight leaders add a second layer, by considering *breakout unknowns*. These are aspects of the future that, even with solid data, teams would struggle to predict—often these elements are not just unpredictable, but hard to even imagine. Foresight leaders build systems to identify, explore, and prepare for what can't be predicted. They treat true unknowns as a design challenge, not a forecasting exercise. Foresight leaders are nearly twice as likely as laggards to report having a systematic foresight process for addressing "unknown unknowns."

The two types of unknowns require different methods and emphasis. On the one hand, for example, for predictable unknowns, Alphabet has used internal corporate prediction markets. The company essentially gathers and uses the wisdom of crowds through its broad employee base to increase forecasting accuracy for both internal and competitor future milestones.

On the other hand, for true unknowns, Netflix designed its own foresight system for resilience using chaos engineering, an experimental approach to generating data about possible future events for which there is limited current context or predictability. Netflix teams run its software and infrastructure through partially random failure injection experiments—conditions to expose vulnerabilities engineers might not have thought of. They deliberately break things to expose blind spots before customers do.

Covering two timeframes. Foresight leaders overcome the pressures of short-termism by running foresight at two speeds in parallel: sensing foresight for *real-time decisions* and shaping foresight for *long-term bets*. Laggards tend to overlook the former, with only 30% reporting that they refresh foresight frequently, compared to 60% of leaders. At the same time, foresight leaders report using multiple timeframe foresight views

(for example, short and long term) in parallel more than twice as often as laggards do.

While many teams are pulled into constant firefighting, foresight leaders stay responsive to rapid shifts while also building disciplined views of the far-off future to guide strategy. For instance: Right now, real-time weak signal detection systems sense the first murmurs of market and competitor moves; for later, scenario planning defines the testing ground for no regrets moves.

The 2021 semiconductor shock shows the contrast. Two automakers, Toyota and Tesla, faced a chip shortage. Because these organizations had different styles and sources of advantage, they focused on two distinct foresight approaches. Toyota leaned heavily on the long-term view through advance contingency mapping, planning, and preparation. Tesla prioritized the near-term, real-time view, enabling the company to pivot quickly through flexible design choices at the first sign of issues.

Shifting the Foresight Mindset

Most leadership teams engage in some form of scenario planning and trend tracking, yet these efforts rarely change decisions. To move from scattered, low-impact activity to foresight leadership requires two mindset shifts: focusing on potential future upside opportunities, not just avoiding future risk; and putting data ahead of intuition, so forecasts are trusted and acted upon.

Upside orientation. Most organizations use foresight primarily to reduce downside—developing alerts for known risks and monitoring familiar threat lists. This is useful, but insufficient. It's one thing to track what has hurt you before; it's another to detect what's likely to matter in the future.

Foresight leaders flip that emphasis. When asked about their strategic orientation, leaders are about 20% more likely to report using foresight to search for upside opportunities, using foresight methods amid uncertainty and shifting conditions (versus a more typical focus on avoiding downside risk), than laggards.

Considering the upside requires not just a view of relevant possible futures but also a clear understanding of how the organization creates value. Instead of gearing foresight solely around detecting the next catastrophe, leaders set up systems to detect signals and forecast features of plausible futures from which they could gain advantage because of their differentiated capabilities. This is not to say that leaders focus on upside at the expense of being ready for downside turns; they are doing both.

For example, Walmart built Scintilla, a platform that allows the retailer to detect early signals of shifts in customer preferences and purchasing behavior and experiment with possible future products through test groups. The aim of the Scintilla foresight system is to help teams to rapidly pivot operations and design products, more effectively capturing demand spikes. Whereas many organizations focus on data-driven systems to capture stock needs, Scintilla is an example of foresight focused on upside opportunity detection.

Data-forward foresight Most businesses still struggle to make objective data sets the basis for leadership decisions; instead, intuition and internal politics play an outsized role. However, foresight leaders orient by default to data using a toolkit designed to help them narrow in on the signals and views of the future that matter most to their strategy process.

They also apply an outside-in view, avoiding focusing too much on single exceptional instances—which suggests they take a more sophisticated quantitative view of the future than laggards. For example, most organizations project key metrics, attempting to anticipate sales, engagement, and launches years in advance. Often this is done based on an organization's past performance, alongside a few market reports or expert datasets. Even more often, these predictions turn out to be wildly different from the actual future that unfolds.

Modern statisticians, in contrast, build predictions from base success rates across similar organizations in similar instances, rather than anchoring on the individual past performance of a single organization. Foresight leaders, when asked about their forecasting processes, were twice as likely to report using this more advanced approach. The result is a flywheel: Better forecasts lead to higher trust, which leads to broader use, which leads to better data, and finally to better forecasts.

One way that organizations approach data-oriented foresight, particularly where market data may be sparse or not directly applicable to innovative products, is by implementing broad, low-cost experimentation, effectively allowing teams to generate new data about many possible future paths. Consider LEGO's Creative Play Lab: It provides a clear process for bottom-up prototypes and pushes teams to generate beta-test data early. The lab deliberately probes where ideas fail, not just where they work, which enables leadership to narrow in on the strongest, most relevant signals.

Moving Toward Foresight Leadership

As company leaders begin the New Year, a simple retrospective can reveal what stands between your team and foresight leadership.

Start with a single episode. Recall a recent change in your operating environment that your organization did not anticipate. Looking back, what signals might have preceded the change? What do you wish you had been tracking? Maybe you had all the data, but somehow it wasn't translated into the right strategic moves. What moves do you wish your organization had made? For example, suppose a competitor launched a product you didn't anticipate—you might wish that you had noticed their patenting activity years ago so that you would have seen their earliest moves and been able to change course.

Learn from what you've missed. Repeated failures of future detection often point to gaps in foresight. The foresight matrix defines four complementary lenses for viewing the future of your organization. For opportunities you've missed can help to highlight quadrants that may need more systematic focus. If we continue the example above, missing the competitor's patenting suggests a gap in projecting capabilities—the quadrant of the matrix that relates to long-term views of reasonably predictable future events.

Check your organizational attitudes. Not all failures of foresight stem from a gap in foresight routine. For foresight to drive strategy, the right organizational attitudes must be in place. Consider what you and senior leaders around you focus on: Are you continually stuck in a cycle of short-term reaction to the perceived threat of the moment, or are you able to focus on hunting for upside amid uncertainty? Is intuition taking a front seat to quantitative approaches?

Moving toward foresight leadership is about more than going through the motions—fostering the right set of organizational attitudes creates the bridge between foresight dashboards and decks and the actual strategic moves that generate advantage. Imagine that, at our hypothetical company, the strategy team told leadership they were

tracking patenting activity and even reported the competitor's activity years ago. But at that time, leadership was so focused on the next quarter's results that they failed to imagine how competitors might translate patents into new products. In this case, the gap was not the foresight projecting capability, it was the integration of that capability into the strategic process.

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Knowing what to track and how to spot changing conditions that offer business opportunities is the start of the journey to becoming a foresight leader. Organizations that prioritize these capabilities can move faster and will be far better equipped to turn uncertainty into advantage. It's not a crystal ball, but it will be a critical tool for the new year—and beyond.

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